

Message Text

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INFO AMEMBASSY BUENOS AIRES
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C O N F I D E N T I A L SECTION 1 OF 5 BRASILIA 4201

EXDIS

CARACAS FOR AMBASSADOR SAYRE

EO 11652 GDS
TAGS ENRG MNUC PARM BR
SUBJECT: ISSUES AND STRATEGY FOR AMBASSADOR SMITH'S VISIT

REF: A. STATE 114813 B. STATE 068396 C. STATE 039449 D. STATE
060855 E. BRRASILIA 3986 F. BRASILIA 3360 G. BRASILIA 4013
H. BRASILIA 4183 I. BRASILIA 4154

BEGIN SUMMARY: THIS MESSAGE IS IN RESPONSE TO THE DEPARTMENT'S
REQUEST FOR EMBASSY'S VIEWS ON ISSUES AND APPROACHES FOR AMBASSADOR
SMITH'S VISIT TO BRASILIA.

THE SCOPE OF AMBASSADOR SMITH'S MISSION WAS SPECIFIED IN DISCUSSIONS
BETWEEN PRESIDENT CARTER AND PRESIDENT GEISEL AS US NON-PROLI-
FERATION LEGISLATION AND FUEL SUPPLY FOR ANGRA I. THE EMBASSY REC-
OMMENDS THAT IN ACCORDANCE WITH THESE TERMS OF REFERENCE, ISSUES
AND SUBJECTS TO BE RAISED BY THE US SIDE BE SPECIFICALLY LINKED TO
THE LEGISLATION. ON THE OTHER HAND, WE BELIEVE THE GOB WOULD NOT
OBJECT TO THE INCLUSION OF INFCE AND THE IMPLEMENTATION OF THE
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TLATELOLCO TREATY AS SEPARATE ITEMS ON THE AGENDA, SINCE THESE
TOPICS ARE OF INTEREST TO THE GOB AND GERMANE TO THE LEGISLATION.

CONCERNING POSSIBLE RESULTS FROM THE TALKS, WE SEE THE POSSIBILITY--
BUT, BY NO MEANS, THE CERTAINTY--OF SOME FLEXIBILITY BY BRAZIL AND
PERHAPS LIMITED PROGRESS (ESSENTIALLY THE REQUIREMENTS OF SECTIONS
404 AND 401 OF THE ACT); WE SEE, HOWEVER, ALMOST NO PROSPECT OF PRO-

GRESS WITH RESPECT TO THE CENTRAL AREAS OF US CONCERN--DEFERRAL OF BRAZIL'S REPROCESSING PLANS AND ACCEPTANCE BY BRAZIL OF FORMAL FULL-SCOPE SAFEGUARDS. IF THE GOB WISHES TO PRESERVE THE OPTION OF US FUEL, WE BELIEVE IT COULD COMPLY WITH THE REQUIREMENTS AND DESIDERATA OF THE LEGISLATION WITHOUT IMPAIRING THE LONG-TERM OBJECTIVES OF ITS NUCLEAR PROGRAM, AND THE UNCERTAINTIES CONCERNING FUEL SUPPLY FROM EUROPEAN SOURCES MAY COUNSEL THE GOB TO BE CAUTIOUS. THE EMBASSY, THEREFORE, BELIEVES THAT THE CONSULTATIONS SHOULD BE COMPREHENSIVE BUT BE PURSUED IN LOW-KEY FASHION TO FACILITATE FUTURE DIALOGUE AND "KEEPING THE BALL IN PLAY." WE BELIEVE THAT OVER THE LONGER TERM, BRAZILIAN RECEPTIVITY TO US CONCERNS WILL DEPEND ON, OR AT LEAST BE HEAVILY INFLUENCED BY, WHAT COURSE ARGENTINA WILL CHOOSE TO FOLLOW WITH RESPECT TO REPROCESSING AND THE TLATELOLCO TREATY, AS WELL AS THE ATTITUDES CONVEYED BY ITS ACTUAL AND POTENTIAL EUROPEAN SUPPLIERS OF NUCLEAR FUEL.

WE REQUEST AUTHORITY TO DISCUSS THE PROPOSED AGENDA AND REQUEST DESIRED APPOINTMENTS.

IN VIEW OF AMBASSADOR SMITH'S APPROACHING VISIT, EMBASSY IS TRANSMITTING THESE THOUGHTS AND RECOMMENDATIONS NOW; AMBASSADOR SAYRE UPON ARRIVAL, MAY WISH TO EXPRESS ADDITIONAL VIEWS. END SUMMARY.

2. SCOPE OF THE TALKS. PRESIDENTS CARTER AND GEISEL DEFINED THE SCOPE OF AMBASSADOR SMITH'S VISIT AS BEING US NON-PROLIFERATION LEGIS-

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LATION AND FUEL SUPPLY FOR ANGRA 1. DURING THE PRESIDENTIAL MEETINGS, PRESIDENT GEISEL CAREFULLY AVOIDED BEING DRAWN INTO A DISCUSSION OF THE REPROCESSING ISSUE, AND EQUALLY CAREFULLY SIDE-STEPPED THE ISSUE OF FORMAL FULL-SCOPE SAFEGUARDS, (BRASILIA 2852). WE THUS CONSIDER HIS ACCEPTANCE OF AMB SMITH'S VISIT TO HAVE BEEN CAREFULLY CIRCUMSCRIBED, AND BELIEVE THAT INTRODUCTION OF NON-PROLIFERATION ISSUES THAT DO NOT FLOW FROM THE NON-PROLIFERATION ACT OF 1978 COULD PLACE AT RISK BRAZILIAN RECEPTIVITY TO DISCUSSION OF EVEN THESE SPECIFICALLY ENUMERATED SUBJECTS. THIS BRAZILIAN RECEPTIVITY TO DISCUSSIONS IN THE NUCLEAR AREA WAS, IN OUR VIEW, ONE OF THE NOTABLE RESULTS OF PRESIDENT CARTER'S VISIT, AND WE BELIEVE THE US SHOULD PROCEED CAUTIOUSLY IN TESTING ITS LIMITS.

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3. AT THE SAME TIME, THE NON-PROLIFERATION ACT IS SO BROAD THAT DISCUSSION OF ITS TERMS AND PROVISIONS WILL IN FACT PERMIT THE US SIDE TO RAISE THE SUBJECT AREAS WHICH WE SEE AS CRITICAL TO US CONCERNS AND INTERESTS VIS-A-VIS BRAZIL;
A. REPROCESSING;
B. FULL-SCOPE SAFEGUARDS; AND POSSIBLY
C. MULTILATERAL FUEL SUPPLY ASSURANCES (E.E., THE ACT'S MANDATE TO PROMOTE AN INTERNATIONAL FUEL AUTHORITY (INFA)).

IN ADDITION, WE DO NOT BELIEVE THE GOB COULD OBJECT TO A DISCUSSION OF THE PROGRESS OF INFCE, IN WHICH BRAZIL PARTICIPATES; AND OF THE PROGRESS MADE IN BRINGING INTO FORCE THE TLAELOLCO TREATY, SINCE BRAZIL PROFESSES TO BE BOUND BY IT, AND NEW DEVELOPMENTS HAVE OCCURRED SINCE THE DISCUSSION OF THIS ISSUE BETWEEN THE TWO PRESIDENTS IN REGARD TO THE USSR, ARGENTINA, AND CUBA (THE LATTER, HOWEVER, NOT BEING HELPFUL). IN SUGGESTING THAT REPROCESSING COULD BE RAISED UNDER THE UMBRELLA OF THE NON-PROLIFERATION ACT, WE NOTE, HOWEVER, (AND THE BRAZILIANS PRESUMABLY ARE AWARE OF THIS) THAT THE ACT PROVIDES FOR CIRCUMSTANCES UNDER WHICH THE SECRETARIES OF STATE AND ENERGY COULD DETERMINE THAT REPROCESSING WOULD NOT RESULT IN A SIGNIFICANT INCREASE IN THE RISK OF PROLIFERATION.
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ATION, AND WOULD APPROVE REPROCESSING OF US-ORIGIN SPENT FUEL.

4. DISCUSSION OF THE ISSUE. AS THE EMBASSY UNDERSTANDS THE ACT AND THE ELEMENTS OF THE NUCLEAR ISSUE, THE MAJOR GIVEN FACTORS BEARING ON AMBASSADOR SMITH'S MISSION ARE THE FOLLOWING:

A. BRAZIL HAS BEEN FOUND BY THE NRC TO BE IN COMPLIANCE WITH THE IMMEDIATELY APPLICABLE EXPORT CRITERIA OF THE ACT (REFTEL B).

B. RECONFIRMATION OR CLARIFICATION OF THE "NO EXPLOSIVE USE" PLEDGE (PRESENTLY INVOLVING A BRAZILIAN NOTE TO THE IAEA INDICATING THAT THEY WILL NOT ACT CONTRARY TO THE PROVISIONS OF THE TLATELOLCO TREATY IN SPITE OF ITS NOT HAVING ENTERED INTO FORCE FOR BRAZIL) WILL BE SOUGHT (REFTEL B).

C. THE ACT REQUIRES (SECTION 404) THE USG TO SEEK RENEGOTIATION OF EXISTING AGREEMENTS FOR COOPERATION TO MEET THE CRITERIA FOR NEW OR AMENDED AGREEMENTS FOR COOPERATION (SECTION 401), WHICH INCLUDE:

(AA) A NO EXPLOSIVE USE PLEDGE WITH RESPECT TO PROVIDED AND DERIVED MATERIALS AND EQUIPMENT;
(BB) FULL-SCOPE SAFEGUARDS AS A CONDITION FOR COOPERATION AND CONTINUING SAFEGUARDS ON PROVIDED OR DERIVED MATERIALS AND EQUIPMENT AS LONG AS RETAINED EVEN IF COOPERATION IS CANCELLED; AND
(CC) PRIOR US APPROVAL FOR REPROCESSING OF FUEL PROVIDED BY, OR USED IN EQUIPMENT PROVIDED BY, THE US.

D. THE ACT HOWEVER, ESTABLISHES NO DEADLINE APPLICABLE TO BRAZIL FOR RENEGOTIATION OF THE AGREEMENT FOR COOPERATION. THE 30-DAY DEADLINE FOR AGREEMENT TO RENEGOTIATE AND THE 24-MONTH DEADLINE FOR ACTUAL RENEGOTIATION ESTABLISHED IN THE ACT (SECTION 304) APPLY ONLY, AS WE UNDERSTAND IT, TO NATIONS OR GROUPS OF NATIONS NOT ALREADY IN COMPLIANCE WITH THE RETRANSFER AND REPROCESSING PROVISIONS OF THE IMMEDIATELY APPLICABLE EXPORT CRITERIA (SECTION 305)
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E. THE "GRANDFATHER CLAUSE" OF THE ACT (SECTION 405) PROVIDES THAT FAILURE OF AN EXISTING AGREEMENT FOR COOPERATION TO SATISFY THE CRITERIA FOR NEW OR AMENDED AGREEMENTS FOR COOPERATION (SECTION 401) SHALL NOT AFFECT AUTHORITY TO CONTINUE COOPERATION PURSUANT TO EXISTING AGREEMENTS. THE EMBASSY IS UNCERTAIN WHETHER "TO CONTINUE COOPERATION" PERMITS NEW FUTURE COOPERATIVE ACTS (SUCH AS PROVISION OF FUEL) UNDER AN EXISTING AGREEMENT OR IS INSTEAD A LIMITATION OF FUTURE COOPERATION UNDER AN EXISTING AGREEMENT TO PROJECTS OR ACTS BEGUN BEFORE ENACTMENT OF THE ACT. DEPARTMENT PLEASE CLARIFY.

F. THE EXISTING AGREEMENT FOR COOPERATION BETWEEN BRAZIL AND THE US OF 17 JULY 1972 (TIAS 7439) THUS APPEARS TO LACK THREE FEATURES WHICH WOULD BE REQUIRED IN A NEW OR AMENDED AGREEMENT:
(AA) THE "NO WEAPONS USE" PLEDGE (ARTICLE 10A (2)), WHILE ADEQUATE IN OTHER RESPECTS, REFERS TO "ATOMIC WEAPONS" RATHER THAN THE NEWLY-REQUIRED "NUCLEAR EXPLOSIVE DEVICE";

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(BB) IAEA SAFEGUARDS ARE REQUIRED (ARTICLE 12) ONLY FOR MATERIALS, EQUIPMENT, AND FACILITIES TRANSFERRED UNDER THE AGREEMENT, RATHER THAN FOR ALL PEACEFUL NUCLEAR ACTIVITIES AND ON US-PROVIDED OR DERIVED MATERIALS OR EQUIPMENT AS LONG AS RETAINED;
(CC) THE REQUIREMENT FOR US APPROVAL OF REPROCESSING (ARTICLE 8F) IS LIMITED TO US-PROVIDED FUEL AND WOULD NOT COVER NON-US FUEL USED IN A US-PROVIDED REACTOR (E.G., URENCO FUEL IN ANGRA I).

SINCE THERE APPARENTLY IS NO DEADLINE FOR RENEGOTIATION UNDER THE LEGISLATION--BRAZIL BEING DEEMED TO BE IN COMPLIANCE WITH THE IMMEDIATE EXPORT CRITERIA--THESE DEFICIENCIES IN THE EXISTING AGREEMENT APPARENTLY ARE NOT CRITICAL, AT LEAST IN THE NEAR TERM; (NOTE, HOWEVER, THAT EVEN UNDER THIS INTERPRETATION OF THE "NO EXPLOSIVE USE" PLEDGE WOULD NEED TO BE CLARIFIED.)

G. IN THE EVENT THE USG DESIRED TO RENOUNCE THE EXISTING AGREEMENT FOR COOPERATION, THE ESCAPE CLAUSE (ARTICLE 12C) WOULD MAKE IT EXTREMELY DIFFICULT TO DO SO, SINCE IT REQUIRES "SUFFICIENT NOTICE", WHICH IS DEFINED IN TERMS OF THE TIME NECESSARY FOR BRAZIL TO DEVELOP ALTERNATE ENERGY SOURCES.

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H. UNDER THE ADDITIONAL EXPORT CRITERIA AND PROCEDURES OF THE ACT (SECTION 306), WHICH ARE SEPARATE FROM THE IMMEDIATELY APPLICABLE EXPORT CRITERIA AND THE CRITERIA FOR NEW AGREEMENTS FOR COOPERATION, IAEA SAFEGUARDS ON ALL EXISTING PEACEFUL NUCLEAR ACTIVITIES ARE REQUIRED AS A CONDITION FOR CONTINUED US EXPORTS AFTER 10 MARCH

1980. NRC COMMISSIONER KENNEDY MAKES THE POINT IN THE ADVANCE TEXT OF HIS 18 MAY SPEECH AT THE ATOMIC INDUSTRIAL FORUM IN BRUSSELS THAT THIS REQUIRES ONLY THAT SAFEGUARDS BE IN EFFECT ON ALL FACILITIES IN EXISTENCE AT THE TIME OF THE EXPORT AND DOES NOT REQUIRE A PLEDGE THAT FULL-SCOPE SAFEGUARDS WILL BE MAINTAINED INDEFINITELY, AS REQUIRED BY THE NPT. THIS DISTINCTION, IF WE UNDERSTAND IT CORRECTLY, MEANS THAT THE US IS NOT REQUIRED BY LAW TO INSIST ON A SINGLE COMPREHENSIVE SAFEGUARDS AGREEMENT BETWEEN BRAZIL AND THE IAEA. THE PRESENT SITUATION OF DE FACTO FULL-SCOPE SAFEGUARDS THUS WOULD BE ADEQUATE BEYOND 1980, PROVIDED BRAZIL DOES NOT ACQUIRE UNSAFEGUARDED FACILITIES (PRESUMABLY FROM INDIGENOUS SOURCES). DURING THE MEETINGS BETWEEN PRESIDENT GEISEL AND PRESIDENT CARTER, THE BRAZILIAN SIDE ARGUED VERY STRONGLY THAT ALL THEIR EXISTING NUCLEAR FACILITIES ARE SAFEGUARDED. (BRASILIA 2852).

I. ANGRA I WILL REQUIRE ITS FIRST FUEL RELOAD SOMETIME IN LATE 1980 OR EARLY 1981.

J. THE NON-PROLIFERATION ACT MANDATES USG EFFORTS TO PROMOTE ADHERENCE TO THE NPT; TO PROMOTE ESTABLISHMENT OF INFIA; AND TO ESTABLISH COOPERATIVE ENERGY PROGRAMS WITH DEVELOPING COUNTRIES. SOME OF THESE AND OTHER REQUIREMENTS OF THE ACT--PROMOTION OF ADHERENCE TO NPT IN PARTICULAR--ARE UNLIKELY TO BE FAVORABLY RECEIVED BY THE BRAZILIANS, AND RAISING THEM AT ALL MAY SIMPLY PROVIDE ANOTHER OPPORTUNITY FOR THEM TO SAY "NO." HOWEVER, THEY ARE AT LEAST LEGITIMATE TALKING POINTS WITHIN THE CONFINES OF THE NON-PROLIFERATION LEGISLATION.

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5. POSSIBLE NEGOTIATING OBJECTIVES. IN LIGHT OF THE FOREGOING, THE EMBASSY UNDERSTANDS THAT TO PROCEED WITH FUTURE NUCLEAR COOPERATION THE US IS REQUIRED TO OBTAIN A REWORDING OF THE "NO WEAPONS USE" PLEDGE IN THE BILATERAL AGREEMENT AND/OR CLARIFICATION OF THE BRAZILIAN NOTE TO THE IAEA. WE ARE NOT SURE, HOWEVER, THAT THE GOB WILL BE PREPARED TO GO BEYOND ITS NOTE TO THE IAEA SINCE

A. BRAZIL EXPLICITLY RESERVED THE RIGHT TO PEACEFUL NUCLEAR EXPLOSIONS AT THE TIME IT SIGNED THE TLAELOLCO TREATY; AND

B. THE FRG, IN ITS NEGOTIATIONS OF THE BRAZIL-GERMAN AGREEMENT, FAILED TO PERSUADE THE GOB TO ACCEPT A PROHIBITION OF EXPLOSIONS FOR PEACEFUL PURPOSES. (IF REALLY PRESSED, HOWEVER, THE GOB COULD PERHAPS AGREE TO ACCEPT SUCH A PROHIBITION IF IT JUDGED THAT PRESSURE FROM ITS GERMAN PARTNER FOR A TIGHTENING OF A SIMILAR PROVISION IN THE FRG--BRAZILIAN ACCORD IS NOT LIKELY. WE IN FACT DOUBT THAT THERE WOULD BE MUCH OF RISK OF THIS TO THE BRAZILIANS).

6. BEYOND THIS LEGAL REQUIREMENT, THE US WOULD SEEK (PURSUANT TO SECTION 404):

A. FULL-SCOPE SAFEGUARDS: BRAZIL MIGHT BE PREPARED TO ACCEPT AMENDMENT OF THE BILATERAL AGREEMENT TO MAKE THE US COMMITMENT TO

SUPPLY FUEL CONDITIONAL UPON ALL EXISTING NUCLEAR FACILITIES BEING SAFEGUARDED. ON THE OTHER HAND, WE DOUBT THAT THE GOB WOULD BE PREPARED AT THIS TIME TO WAIVE THE REQUIREMENTS FOR BRINGING TLA-TELOLCO INTO EFFECT, THUS FORMALLY ACCEPTING FULL-SCOPE SAFEGUARDS.

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B. CONTINUATION OF SAFEGUARDS AFTER AGREEMENT OF COOPERATION EXPIRES: WE DO NOT BELIEVE THIS SHOULD BE A MAJOR ISSUE ALTHOUGH THE GOB MIGHT RESIST ON JURIDICAL GROUNDS.

C. US REPROCESSING VETO OVER NON-US FUEL IN US-SUPPLIED EQUIPMENT: WE BELIEVE THE GOB WILL STRONGLY RESIST IMPOSITION OF SUCH A REQUIREMENT. AS NOTED ABOVE, WE ARE NOT CLEAR AS TO THE REQUIREMENTS UNDER US LAW. SECTION 405 APPEARS TO PERMIT THE CONTINUATION OF COOPERATION EVEN IF THE GOB DOES NOT ACCEPT A REPROCESSING VETO FOR FOREIGN-SUPPLIED FUEL. THE GOB WILL BE CONCERNED TO PRESERVE THE INTEGRITY OF ITS NUCLEAR FUEL CYCLE PROGRAM AND THE OPTION TO SHIFT THE ANGRA I REACTOR FROM US TO FOREIGN-SUPPLIED OR, IN THE LONGER TERMS, INDIGENOUS FUEL AND TO REPROCESS SPENT FUEL OBTAINED FROM ANGRA

I. IF REALLY PRESSED, I.E., IF THE GOB DEEMS IT NECESSARY TO PRESERVE ACCESS TO US FUEL, IT COULD, HOWEVER, ACCEPT THIS LIMITATION WITHOUT ENDANGERING ITS LONG-TERM OBJECTIVES SINCE FUTURE REACTORS, GERMAN-BUILT AND FOREIGN-SUPPLIED, WOULD NOT BE SUBJECT TO A US-REPROCESSING VETO.

D. DEFERRAL OF CONSTRUCTION OF BRAZIL'S REPROCESSING FACILITY:
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THE LEGISLATION, OF COURSE, DOES NOT REQUIRE THIS. WE SEE NO GROUNDS FOR A JUDGMENT THAT THE GEISEL ADMINISTRATION IS READY TO CHANGE LONG-STANDING BRAZILIAN POLICY. IN PARTICULAR, THE OFFER OF MULTI-LATERAL FUEL SUPPLY ASSURANCES HAS BEEN MADE BEFORE AND, EVEN THOUGH IT WOULD SEEM ATTRACTIVE TO BRAZIL, HAS ALWAYS BEEN SET ASIDE BY THE GOB ON GROUNDS THAT BRAZIL MUST SEEK FULL FUEL INDEPENDENCE AS A LONG-TERM OBJECTIVE. IF AND WHEN INFA IS ESTABLISHED, THE GOB WOULD HAVE TO MAKE A POLICY DECISION ON WHETHER TO JOIN AND ACCEPT SUCH TERMS AS WOULD BE REQUIRED FOR MEMBERSHIP. BUT WE DO NOT BELIEVE THE GOB, AT LEAST UNDER GEISEL, CAN BE PERSUADED TO REVERSE LONG-STANDING POLICY ON THE BASIS OF AN INTERNATIONAL MECHANISM WHICH DOES NOT YET EXIST.

7. ADHERENCE TO THE NPT WHICH THE ACT SEEKS TO PROMOTE WOULD INVOLVE AN EVEN LESS LIKELY REVERSAL OF POSITIONS BY BRAZIL. WE CONTINUE TO THINK--AND WE UNDERSTAND WASHINGTON AGREES-- THAT THE US SHOULD SUBORDINATE THIS OBJECTIVE TO THAT OF PROMOTING THE TLATELOLCO TREATY, INASMUCH AS ENTRY INTO FORCE OF TLATELOLCO WOULD CONSTITUTE AN UNDERTAKING COMPARABLE TO ADHERENCE TO THE NPT. THE POSITIVE BRAZILIAN REACTION TO PRESS REPORTS OF SOVIET ADHERENCE TO PROTOCOL 2 OF TLATELOLCO INDICATES INTEREST IN THIS SUBJECT (REFTEL F). ACCORDING TO THE JORNAL DO BRASIL OF MAY 14, ARGENTINE FOREIGN MINISTER HAS STATED IN PUBLIC THAT ARGENTINA IS REVIEWING THE QUESTION OF RATIFICATION OF TLATELOLCO. THE ARGENTINE EMBASSY HERE EXPECTS THAT ARGENTINA WILL ANNOUNCE ITS INTENTION TO RATIFY THE TREATY AT THE SSOD.

8. POSSIBLE REASONS FOR BRAZILIAN FLEXIBILITY.
WHILE WE DO NOT CONSIDER IT LIKELY THAT IN THE FORTHCOMING TALKS THE US CAN ACHIEVE ITS CENTRAL OBJECTIVES--DERERRAL OF REPROCESSING AND FULL-SCOPE SAFEGUARDS--WE BELIEVE THERE IS SOME CHANCE OF LIMITED PROGRESS ON SOME OF THE SPECIFIC REQUIREMENTS AND DESIDERATA OF THE LEGISLATION. THE BRAZILIAN SIDE MAY WISH TO

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KEEP THE SITUATION SUFFICIENTLY FLUID TO AVOID FORECLOSING ALTOGETHER THE OPTION OF US FUEL BEFORE FUEL FROM URENCO OR OTHER EUROPEAN SOURCES IS ASSURED. THE FACT THAT US NEGOTIATIONS WITH OTHER MAJOR COUNTRIES ARE STILL IN PROGRESS WOULD BE AN IMPORTANT CONSIDERATION IN FAVOR OF CAUTION. ON THE OTHER HAND, WE NOTE THAT THE GERMAN AMBASSADOR HAS JUST REASSURED THE GOB ABOUT THE FRG'S DETERMINATION TO MEET ITS FUEL COMMITMENTS FOR ANGRA II AND III, THUS PRESUMABLY STRENGTHENING BRAZILIAN RESOLVE (REFTEL I)

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AND THERE CONTINUE TO BE REPORTS THAT THE GOB MAY WISH TO TRY TO CONCLUDE A COOPERATION AGREEMENT WITH FRANCE DURING GISCARD'S VISIT NOW EXPECTED FOR THE FALL. ALSO, THERE MAY BE PERSONALITIES WITHIN THE GOB WHO WOULD LIKE TO CREATE AN IRREVERSIBLE SITUATION FOR BRAZIL'S NUCLEAR PROGRAM BY ONCE AND FOR ALL BREAKING THE US CONNECTION. BUT AGAINST THIS THE GOB MAY PERCEIVE SO MANY UNDERTAINMENTS AT THIS STAGE CONCERNING ITS FUTURE FUEL SUPPLY (URENCO, US-EURATOM NEGOTIATIONS, EXPECTED TIGHTNESS OF FUEL SUPPLIES IN 1980-81) THAT IT MAY OPT FOR A MORE PRUDENT COURSE.

9. IN SUMMARY, ON THE ISSUES CENTRAL TO US CONCERN--THE DEFERRAL OF REPROCESSING AND ACCEPTANCE OF FULL-SCOPE SAFEGUARDS--WE DO NOT BELIEVE THE US WILL BE ABLE TO MAKE PROGRESS DIRECTLY WITH THE GOB. THE GOB, IF SHOWING ANY FLEXIBILITY AT ALL, WOULD DO SO ONLY AS A RESULT OF:

(A) SERIOUS AND PRESSING DOUBTS ON THE BASIS OF CONVERSATIONS WITH EUROPEAN SUPPLIERS, AS TO ITS ABILITY TO OBTAIN FUEL FROM EUROPEAN SOURCES UNDER ITS PRESENT POLICY; OR
(B) SOME DEVELOPMENTS IN REGARD TO ARGENTINA, SUCH AS AN ARGENTINE INITIATIVE PROPOSING A MUTUALREPROCESSING MORATORIUM BY THE TWO COUNTRIES, OR ARGENTINE WILLINGNESS TO BRING TLATELOLCO
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INTO FORCE, TO WHICH THE GOB WOULD BE REQUIRED TO RESPOND.

FROM THE INFORMATION AVAILABLE TO THIS EMBASSY WE TAKE IT THAT NEITHER OF THESE DEVELOPMENTS IS IN PROSPECT AT THIS TIME.

10. AGENDA AND PROGRAM FOR THE VISIT.

WE BELIEVE THE US SHOULD PROPOSE A SIMPLE AGENDA ALONG THE FOLLOWING LINES:

- A. PROVISIONS OF THE US NON-PROLIFERATION LEGISLATIONS APPLICABLE TO NUCLEAR COOPERATION WITH BRAZIL.
- B. THE PROPOSAL FOR THE ESTABLISHMENT OF INFAC.
- C. PROGRESS OF INFCE
- D. DEVELOPMENTS ON THE TLAELOLCO TREATY.

IN PRACTICE, OF COURSE THESE ITEMS WILL INTERACT, ESPECIALLY (A) AND D.

11. THE EMBASSY HAS NOT YET BEEN PROVIDED WITH BRAZILIAN VIEWS ON THE FORMAT OF THE TALKS AND OTHER PARTS OF AMBASSADOR SMITH'S PROGRAM. (THERE HAS, HOWEVER, BEEN A FLEETING REMARK BY SARDENBERG TO THE ECON/COMM COUNSELOR THAT THE GOB WISHED THE TALKS TO BE HELD AT THE "WORKING LEVEL".) A SUGGESTED FORMAT FOR THE VISIT WOULD BE:

A. CALLS BY AMBASSADOR SMITH ON FOREIGN MINISTER SILVEIRA AND MINISTER OF MINES AND ENERGY UEKI; A POSSIBLE CALL ON DION DE MELO TELES, PRESIDENT OF THE NATIONAL COUNCIL FOR SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT (DISCUSSION OF NON-NUCLEAR ENERGY COOPERATION).

B. THE TALKS, WHICH ON THE BRAZILIAN SIDE WILL BE CHAIRED BY THE FOREIGN MINISTRY, POSSIBLY THE FOREIGN MINISTER HIMSELF OR THE SECRETARY GENERAL, AMBASSADOR CASTRO ALVES.

C. VISITS TO NUCLEBRAS AND CNEN HEADQUARTERS IN RIO AND, IF DESIRED, THE ANGRA I SITE. (THIS WOULD REQUIRE A THIRD DAY IN CONFIDENTIAL

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COUNTRY. SINCE IT IS THE OFFICIAL PROGRAM WE WISH TO INFLUENCE, A VISIT TO THE CENTER OF CRITICISM OF THE PROGRAM IN SAO PAULO WOULD NOT, IN OUR VIEW, BE HELPFUL.)

12. ACTION REQUESTED:

DEPARTMENT PLEASE AUTHORIZE THE EMBASSY:

A. TO DISCUSS A SIMPLE AGENDA ALONG THE LINES OF PARAGRAPH 10 WITH THE FOREIGN MINISTRY; AND

B. TO REQUEST APPOINTMENTS WITH UEKI AND DION AND FOR THE EVENTS IN THE RIO AREA, IF DESIRED.

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ISecure: 1
Legacy Key: link1978/newtext/t19780516/aaaaanbg.tel
Line Count: 544
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 03653096-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 78 STATE 114813
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2557224
Secure: OPEN
Status: NATIVE
Subject: ISSUES AND STRATEGY FOR AMBASSADOR SMITH'S VISIT
TAGS: ENRG, MNUC, PARM, OVIP, BR, (SMITH, GERALD C)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/03653096-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014